



The only difference between FIFO and LIFO is the order in which stock is assumed to be sold. In FIFO (First In, First Out) the first stock purchased is assumed to be the first sold whereas in LIFO (Last In, Last Out) the last stock purchased is assumed to be the first sold. This has importance primarily for accounting purposes of Cost of Goods Sold (COGS) which you will learn more about when studying the Finance topic.